

A Primary Analysis of the Global Economic Cooperation Model in the Context of International Business Law

- A Study of the “Belt and Road Initiative”

Yiyang Qiao^{1,a,*}

*¹Faculty of Law, School of Social Sciences, University of Manchester
Manchester M13 9PL, United Kingdom*

a. yiyang.qiao@student.manchester.ac.uk

**corresponding author*

Abstract: As a major international business initiative proposed by China in 2013, the Belt and Road Initiative has deepened strategic economic cooperation among countries along the route and has positively contributed to the development of regional economic integration, as well as achieving exports and exchanges in multiple areas such as technology, culture and education, which enables China to play a more important role on the international stage. In order to ensure the development of the Belt and Road Initiative in a normative direction and to further ensure that the constraints and challenges in its implementation can be effectively addressed, the mediation, regulation and guidance role of international commercial law must be fully utilized and brought into play. In this article, the value of the Belt and Road Initiative and related positive role it can play are discussed in the context of international business law, as well as the possibilities for the development of international economic trade.

Keywords: The belt and road initiative, international business law, international trade cooperation, new trends in economic globalization

1. Introduction

International business law is the regulation of international business relations and its legal norms, which is conducive to the development of cross-border commercial trades. In the context of the rapid development of the globalized economy, the “Belt and Road Initiative” aims to break down the international trade barriers and promote multilateral cooperation and joint economic development. The positive role of international commercial law should be played in regulating and mediating the economic behavior of different countries and regions, so as to achieve the strategic objectives of effectively resolving trade frictions, accelerating trade cooperation between countries and promoting sustainable development of the global economy. Valuable research questions in this area include the specific links and interactions between international business law and the “Belt and Road Initiative”, and whether the Initiative can serve as a model for international cooperation and thus become a new model for widespread practice and application worldwide. Besides, there are some practical problems in this field, such as differences in the level of development between

countries and the influence of the international environment and political factors, which limit the positive development of the “Belt and Road Initiative” and the effective use of international business law. Additionally, the main research method adopted in this paper is to collect and analyse relevant materials along with integration, and the application of relevant data and corresponding conclusion is through the search of the official website reports, as well as the targeted categorization and analysis. Finally, the “Belt and Road Initiative” provides a valuable reference for the innovation of international cooperation ‘new model’ and the development of international business law in the new era, while at the same time the solutions to potential problems and creative approaches deserve further exploration and practice.

2. Main body

2.1. Related Interpretations on International Law and the “Belt and Road” Initiative

2.1.1. International business law overview.

International business law is an independent branch of law and refers to the general term for all types of legal norms that regulate international commercial relations, which includes states and international organizations, as long as the parties belong to different countries and regions which have concluded relevant treaties or agreements. With the rapid development of the world economy and the increasing openness of countries, the scale of international business and trade is growing and expanding, and the complexity of international business relations is also rising. Therefore, the objects and contents regulated by the international business law are beginning to show an enhancing trend, which provides reliable theoretical support for trade between different countries.

2.1.2. Overview of the “Belt and Road Initiative”.

The Silk Road Economic Belt and The 21st Century Maritime Silk Road” (abbreviated as the ‘Belt and Road Initiative’) is a national cooperation initiative proposed by Chinese President Xi Jinping in 2013 and consists of two main initiatives: the Silk Road Economic Belt and the 21st Century Maritime Silk Road [1]. These initiative can be traced back to the land and sea ‘Silk Roads’ that were established in ancient China, which now aims to build economic synergies through an efficient regional platform, actively forge economic and trade relations with countries along the route, and jointly build a ‘community of destiny’ that is characterized by effective economic integration along with mutual political benefit and cultural tolerance. China has proposed the “Belt and Road Initiative” in the hope of promoting international trading cooperation to increase the degree of global trade liberalization and speed of economic development of various countries, as well as the openness of national development.

2.1.3. Overview of the relationship between the law and the Initiative.

“The Belt and Road Initiative” has created an important platform for the construction of trade cooperation between China and other neighbouring countries. In its implementation, international business law effectively guarantees the principle of fairness in market transactions, promotes the optimization and improvement of international law standards, and plays a useful role in enabling high-level mutual communication between countries. Also, under the enforcement of the Initiative, the international commercial law can play an effective role in regulating and coordinating the planning of transportation, trade and investment, promoting equal consultation and dialogue among countries and improving the orderliness and stability of the international economic market.

On the one hand, international business law provides a solid legal guarantee for the ‘Belt and Road Initiative’, enabling it to be implemented on the basis of the principle of the sovereign equality of all countries, and putting into practice the mutually beneficial, equal and inclusive connotations of international law in cross-border commercial exchanges. For example, this Initiative involves not only the trade of commodities and the flow of capital, but also the deep integration of every kind of international market resources. On the other hand, as the supreme code of conduct for countries and economic entities along the “Belt and Road Initiative”, international business law is more conducive to the effective regulation of commercial disputes, the establishment of a unified market, and the realization of fair and just trade cooperation and competition. For instance, The enactment of the Foreign Investment Law introduced in 2022 is conducive to protecting the legitimate rights and interests of foreign investors in China, which attracts foreign enterprises to enter China and promotes the creation of a new pattern of better opening up to the outside world [2]. At the same time, as different legal systems and rules exist in different countries, it is difficult to find a strong basis for solving relevant problems in practice. The "Belt and Road Initiative" could accordingly provide constructive significance for improving the specific content and overall structure of international business law, and makes the application of principles of international law to be continuously improved and expanded. In general, international business law and this initiative are closely linked in a complementary and mutually reinforcing manner.

2.2. The Role of International Business Law

2.2.1. Positive contribution of international business law to the Initiative.

China is in the midst of an economic boom following its reform and opening-up strategy in the 1980s, and setting win-win international trade and investment facilitation as key objective is conducive to the country's sustainable economic development. In this context, the "Belt and Road Initiative" is an important strategy for forming close and good economic and trade relations between countries. Therefore, in order to ensure fairness in international trade cooperation and coordination of economic development between regions, the active implementation of international business rules and regulations, which play a protective role in the flow of goods and factors of production, is an important legal support for the smooth implementation of the Initiative. The construction of the Initiative involves many areas such as trade, investment, energy and finance, and cuts across different regional cooperation mechanisms, with each area and region having well-established practices for dispute resolution, and different countries and areas having different choices of dispute resolution systems. Through specific projects, the relevant countries are guided to choose international business law systems that have a wide range of application and are generally acceptable to multiple subjects, such as introducing the "principle of agreed jurisdiction" and the "principle of effectiveness" into the international dispute resolution system in the practice of resolving conflicts of jurisdiction in international civil litigation, thereby achieving effective reconciliation of different dispute settlement mechanisms, is a worthwhile approach[3].

Meanwhile, there is still potential for China to implement trade facilitation measures and deepen cooperation with countries along the route in areas such as technical regulations, product standards and financial supervision. As the first initiator of the “Belt and Road Initiative”, China should make full use of this status to materialize China's concept of international cooperation into physical rules, thereby driving the enrichment and development of international dispute settlement rules. In the process of opening up to the outside world, Chinese enterprises have been strengthening their own strength to increase their competitiveness and voice in the international market. To a certain extent, international business law can effectively protect the reasonableness of the distribution of

different international resources, so as to achieve the goal of enterprises and to expand their markets outside the country.

To sum up, international business law is a flourishing field, reflecting the latest treaty obligations enriching and improving legal theory and academic research. On the premise that public international law guarantees the sovereign independence of individual states, international commercial law, as an important component of international economic law, will play a positive role in promoting the process of international integration. Also, international business law can be scientifically and reasonably adjusted to reduce the scope of national jurisdiction and increase the degree of concentration, which will play a role in regulating and balancing the relationship between national sovereignty and economic trade.

2.2.2. Analysis and assessment of existing difficulties and challenges.

The “Belt and Road Initiative” is a major strategic initiative by China to seek a new pattern of opening up to the outside world, a new mode of regional trade cooperation and a new attempt at global governance reform in the face of a sluggish economic recovery over the world, as well as a complex geopolitical situation. The relevant challenges and constraints in reality involve the reaction and willingness to cooperate of countries along the routes, as well as the competition and games among the regional powers.

First of all, the construction of the “Belt and Road Initiative” is a pluralistic, open and inclusive cooperation process, which ultimately aims to achieve mutual respect, mutual trust and win-win cooperation. Therefore, the main challenge in promoting the Initiative may be how to effectively dovetail with the development plans of the countries along the route, taking into account the interests and aspirations of as many parties as possible. For example, Russia has proposed the "Tea Road" to strengthen economic and trade cooperation between China, Mongolia and Russia; Mongolia launches "Steppe Road" plan to revitalize domestic economy through the transport; Kazakhstan has launched the "Bright Road" proposal to accelerate infrastructure development in the industrial, energy, social and cultural fields [4] and so on. These situations reflect each country's own development strategies and plans, and the potential for conflict with the Initiative.

In addition, the capacity and risk assessment of the countries along the “Belt and Road Initiative” shows that there are significant differences in the business environment, foreign investment capacity, market development and economic development levels, which pose real challenges to the effective and complete implementation of the initiative. For instance, using the Human Development Indicators (HDI), published by the United Nations Development Programme (UNDP) to measure the comprehensive economic and social development of the countries along Belt and Road routes [5], the level of HDI (includes three parts of life expectancy, years of schooling and standard of living) are also significantly different between groups, with Singapore at the top of the list being nearly twice as high as Afghanistan as at the bottom. Besides, the World Economic Forum's Global Competitiveness Index (GCI) [6], which measures the overall competitiveness of countries along the route, shows that while the majority of countries have a high level of competitiveness and potential for development, there is still a wide gap between the competitiveness levels. For example, the GCI level of Singapore as the strongest country is 1.65 times higher than that of Pakistan, which indicates that the maturity of the financial markets and the stability of economic development in some countries are still highly uncertain. Besides, the World Bank's Doing Business Index (DBI) based on survey statistics [7], has been used to assess the business environment of countries along the routes which shows that some Central Asian and Middle Eastern countries, such as Syria, Afghanistan and Iran, are affected by potential risks such as domestic evidence of instability, religious factors and their local business capacity and economic

base are seriously threatened. Overall, the full implementation of the Initiative is easily hampered in practice and the involved investment programme may contain some risks.

Moreover, although the “Belt and Road Initiative” does not cover developed Western countries such as the United States, Japan and Western Europe, their attitude as extraterritorial countries is equally important. Most of the European countries, represented by the UK and Germany, have a positive attitude towards the initiative, with the aim of expanding investment in overseas markets due to the current economic downturn and the desire to become the western connection point along Belt and Road routes. However, the ongoing promotion of the “Belt and Road Initiative” is still being resisted by the countries concerned, led by the United States. For example, in 2015, the Trans-Pacific Partnership Agreement (TPP) made a substantial breakthrough, bringing the combined share of participating countries to 40% of the global economy. In essence, it is a powerful weapon for the United States to manipulate the Asia-Pacific economy and regain its geopolitical advantage [8]. Following the introduction of the TPP, the US is also promoting the creation of the Transatlantic Trade and Investment Partnership (TTIP) [9], with the intention of driving Europe and Japan to form a regional economic and trade integration, which is set up to create a comprehensive free trade agreement that may surpass and replace the WTO, along with the new world trade norms and industrial standards, and resulted in more challenges on the economic recovery and rise of developing countries.

Nevertheless, according to the data published in the 2016 Global Trade Promotion Report [10], China's ETI Index (Enabling Trade Indicator) ranked 61st out of 136 countries in 2016, which is in the middle to upper range, far ahead of other BRICS countries (Brazil, Russia, India, China and South Africa). Based on the existing trade policies of various regions and bilateral trade relations, although there are certain challenges and difficulties, China can still actively seek policy coordination with countries along the route, especially in terms of trade facilitation, and strive for greater and further progress. Therefore, it is well worthwhile to explore the difficult challenges that may arise in international trade cooperation oriented towards the ‘Belt and Road’ initiative, as well as to look ahead to the possibilities for the continuous improvement and development of international commercial law in the future.

2.3. Prospects for Future Development of International Business Law

2.3.1. Solutions to the challenges --Under the guidance of the Initiative.

Firstly, the spatial dimension of trade strategies should be expanded. When dealing with the development of national trade cooperation strategies, the uncertainties of international trade cooperation, such as unilateralism and trade protectionism should be discovered. Therefore, so as to avoid the hidden dangers, more professional international financial and investment organizations should be formed, such as the Asian Investment Bank, the Silk Road Fund and the Shanghai Cooperation Organization Conference, to provide stable financial support for international trade cooperation investments and to guarantee the feasibility of the implementation of national cooperation projects.

Besides, in order to reaffirm the universally binding nature of international commercial law, address the difficulties and challenges faced, eliminate information asymmetries and minimize legal gray areas through sound institution building and policy structures, the legal system should be further developed to ensure that all countries along the route reach a general and operational consensus on the effectiveness, status and enforcement of international business law. Hence, monitoring bodies and complaint mechanisms should be further established to provide effective and timely remedies to parties whose rights have been damaged. The ability of countries along the route

to adopt international business law as a common code of conduct is a direct factor in the universality of the “Belt and Road Initiative”.

Furthermore, while enhancing the technical aspects of international business law, mutual assistance and cooperation between countries in the practical field should be strengthened. Personally, the principle of 'seeking common ground while preserving differences' should be adhered to, and the impact of international commercial law on the technical aspects of disputes over differences should be increased in the face of disparities in the implementation of national levels of development. For example, in the field of personal data protection, the EU partners of the route are far ahead of their Asian partners; however, in the field of maritime law, the inland partners of the Road are slightly less advanced than the coastal countries. Therefore, in the process of economic integration, international business law could protect the fundamental interests of disadvantaged countries and help them to achieve the rational use of resources.

2.3.2. The significance of the “Belt and Road Initiative” - Innovation and development of the principles of global cooperation.

In the face of the counter-globalization trend of trade protectionism pursued by countries led by the United States, the initiative is the opposite of this, based on the concept of common development and building a multifaceted platform for countries to form economic trade, political policy and cultural exchanges through financial investment as a wind vane. In terms of cooperation, the “Belt and Road Initiative” is a good way to realize the complementation of differences between individual countries and regions, including both infrastructure links such as transport, energy and smooth and factitive links in trade, investment and finance. In terms of market regulation, the “Belt and Road Initiative” advocates a new form of government intervention in the market economy, which is a new form of cooperation at the top level of the state to achieve mutual consultation and construction, breaking the previous unilateral trade cooperation as an innovation of the traditional Western liberal market-led concept.

Accordingly, in the context of the advancing economic globalization in this new era, the principles of global cooperation should also continue to achieve innovation and development. While promoting active cooperation between countries, the Initiative has also to some extent facilitated the transformation of international cooperation from inequality to equality. By guaranteeing the right to speak and participate of each country along the route, it gradually changes the international situation dominated by the Western countries, which effectively promotes international economic hegemony and suppresses disadvantaged countries, facilitating a good cycle of fair international co-operations.

3. Conclusions

In conclusion, the implementation of the "Belt and Road Initiative" will strongly promote the coordinated development of regional economies, and in the course of the development of the Initiative, giving full play to the role and advantages of international commercial law with a legal basis for economic and trade cooperation between countries. The international trade cooperation platform built by the ‘Belt and Road Initiative’ is beneficial to facilitate a virtuous cycle of positive, fair and free trade exchanges, indicating the reflection and connotation of the current era of global cooperation. However, there are some shortcomings in this article. There is a lack of more examples to support the arguments on the relationship between the “Belt and Road Initiative” and international business law, and the data on the “Belt and Road Initiative” is based on the period when it was first implemented, almost from 2014 to 2016, which is lacking in validity, and it should be improved in the further research. In the future development of international trade cooperation,

the countries along the Belt and Road and the countries in the wider region to which it extends should be united, in order to build a new international regulatory system. At the same time, it is expected to optimize national cooperative trade mechanisms, break down the trade barriers and unlock economic potentials. The expected achievement of goals of Asia-Pacific economic integration led by the “Belt and Road Initiative” could provide reference value for the further development of economic globalization and promote multilateralism in the international trade.

References

- [1] Liu, Y. , and S. O. Economics . "The Silk Road Economic Belt and the 21st- Century Maritime Silk Road and Economic Development:A Summary of the Sixth Comparative Study Workshop." *Comparative Economic & Social Systems* (2015).
- [2] Zhou, S. ,S. O. Law, and N. University. "Research on Social Responsibility of Multinational Corporations under the Background of Foreign Investment Law." *Foreign Economic Relations & Trade* (2019).
- [3] Yun, H. ,*International Trade Dispute Settlement Mechanism in the Context of "The Belt and Road Initiative"*, *Chongqing Social Sciences* , 2017 (06) : 92—98.
- [4] Bin, S. and Feng, L. , *An International Political and Economic Analysis of the Belt and Road Initiative*, *Nankai Journal* 9 (Philosophy and Social Sciences Edition) 2016, No. 1.
- [5] Office, UHDR. "UNDP Human Development Report 2014: Human Rights and Human Development." (2014).
- [6] World Economic Forum, *The Globe Competitiveness Report (2015-2016)*, <https://reports.weforum.org/global-competitiveness-report-2015-2016/>
- [7] Bank, T. W. . "Doing business 2016 : measuring regulatory quality and efficiency - Hungary." (2015).
- [8] Liu, Z. . "The Influence of Trans-Pacific Partnership Agreement(TPP) on Regional Production Network of East Asia and China's Counter-measures." *Pacific Journal* (2013).
- [9] Akhtar, S. I. , and V. C. Jones . "Proposed Transatlantic Trade and Investment Partnership (TTIP): In Brief." *Library of Congress. Congressional Research Service.* (2013).
- [10] *The Global Enabling Trade Report 2016*, the World Economic Forum <https://www.weforum.org>, the Global Alliance for Trade Facilitation, <https://www.tradefacilitation.org>